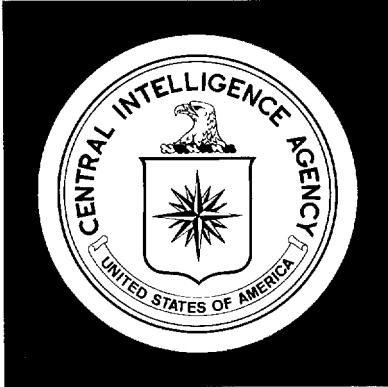


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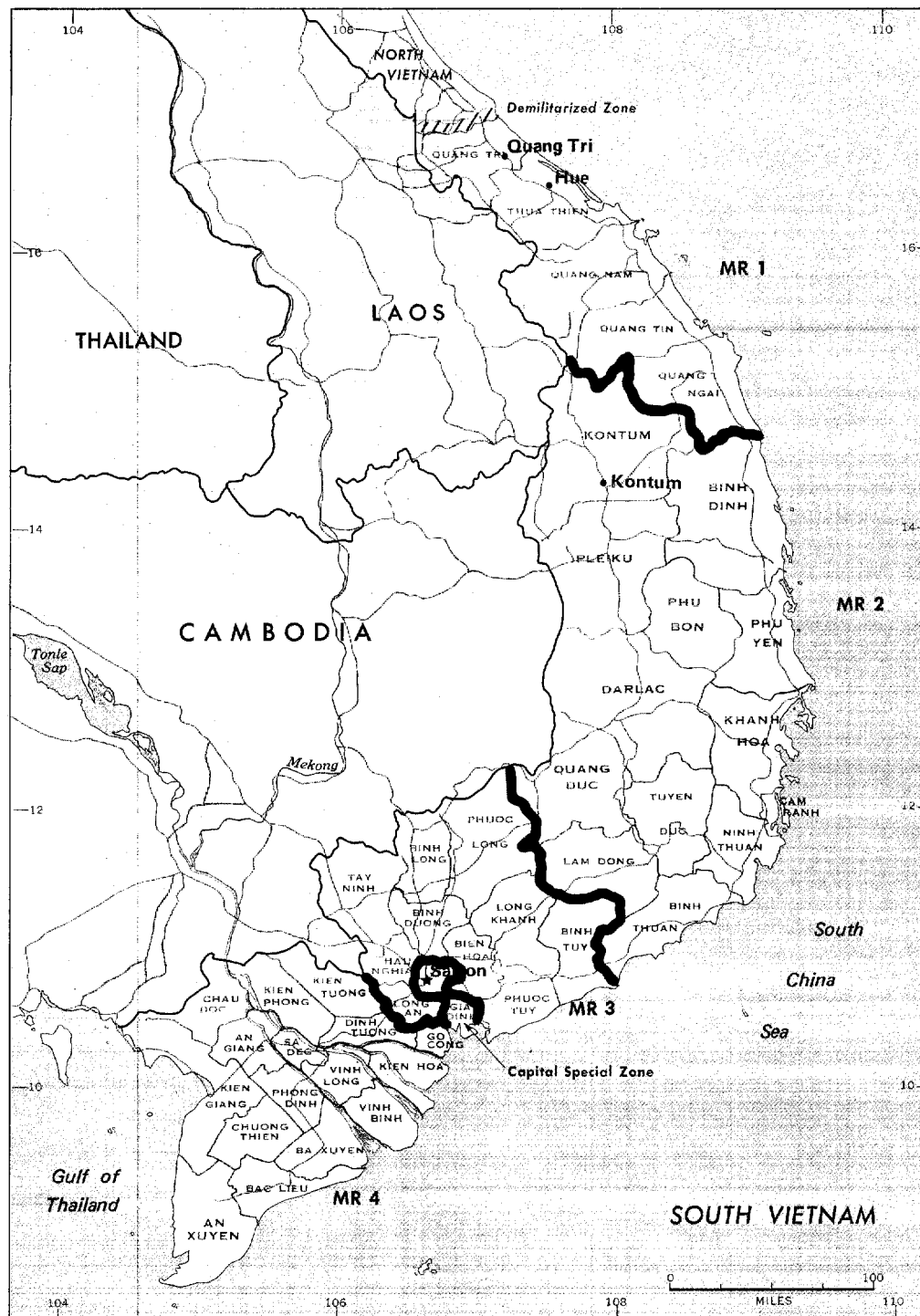
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SOUTH VIETNAM: South Vietnamese troops continue to advance slowly in Quang Tri.

Airborne troops inside Quang Tri City are reported to be edging closer to the citadel, a Communist-held strongpoint in the city's northern section, but Communist resistance is stiff. On the city's northern outskirts, other airborne troops pushed back a tank-led enemy infantry force after an eight-hour battle early on 18 July. [Other government units east of the city report continued enemy shelling but only light ground contact.]

Scattered action has been reported elsewhere. Hue was hit again by rockets early on 18 July; seven civilians were killed in the attack. [In Kontum Province, Communist forces northwest of the provincial capital are believed to be elements of a North Vietnamese unit, which, according to a prisoner, is responsible for holding back government units while other Communist forces withdraw.]

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EGYPT-USSR: The extent of the withdrawal of Soviet personnel from Egypt that Cairo is demanding remains in doubt.

Several hours after President Sadat publicly insisted that Soviet military personnel leave Egypt, the semi-official Cairo daily al-Ahram appeared to be hedging on the extent of Cairo's demand. Al-Ahram said that Soviets engaged in training the Egyptian armed forces are not affected by the president's decision, nor are Egyptian-Soviet relations and the bilateral treaty of friendship and cooperation between the two countries. Al-Ahram continued that Egypt is eager for the provisions of the treaty to remain in force, because in essence they are a "faithful expression" of the great cooperation between the two countries.

In his speech before the Arab Socialist Union's Central Committee as summarized by the Egyptian news agency, however, Sadat announced he had made three important decisions. As of Monday he had terminated the services of Soviet military advisers and experts in the country and had replaced them with Egyptians. He had also ordered the Egyptian military to take over exclusive control of all installations and equipment established since the June 1967 war, apparently an allusion to important Soviet facilities in Alexandria, Mersa Matruh and Aswan. Finally, Sadat said his action was taken in order to facilitate consultations on a "new stage" in the Soviet-Egyptian relationship, although he insisted that there was no intention of altering the basic friendship and cooperation between the two countries, to which he repeatedly paid tribute.

Sadat's theme--which follows that of a current series of articles by al-Ahram editor Muhammad Haykal--was that Egypt requires complete freedom of action in dealing with Israel. Sadat alluded to disagreements with Moscow on the supply and control

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of Soviet weapons and said he could not accept restrictions on Egypt's ability to make its own political decisions. He observed that Egypt had no desire that the "friendly advisers" should fight Egypt's battle, and he implied that by taking over equipment and missions formerly controlled by the Soviets he would free the Soviet Union from authority and responsibility for Egypt's future actions.

The number of Soviet military personnel currently in Egypt is estimated at about 13,000. Some 1,000 are with the Soviet naval air squadron; 6,500 in Soviet air and air defense units; 1,000 in the Foxbat reconnaissance detachment, and 4,500 advisers to Egyptian air, army and naval units. About 2,000 personnel associated with SA-3 battalions are believed to have left Egypt in late 1971.

Although the Soviets in the past two years have become accustomed to Sadat's surprise moves, the far-reaching nature of these latest steps may have caught them off guard. The communiqué winding up Prime Minister Sidqi's recent visit to Moscow, for example, carried no hint of the new direction that Sadat had chosen. TASS, moreover, routinely announced that Sadat would be chairing yesterday's meeting of the Arab Socialist Union's Central Committee, adding only that the Egyptian press attached "great significance" to it. Presumably the Soviets would not have carried even this brief announcement if fully apprised of the Egyptian president's speech.

There has been no reaction thus far from the Soviets, who may be waiting until they can be certain which forces must leave Egypt. There must be some confusion in Moscow on this score, particularly in view of the contradictory and incomplete information available in the Egyptian press. [REDACTED]

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USSR: Announcement of another major Soviet purchase of grain, which would double imports in the next year, is imminent.

Moscow reportedly has purchased for delivery during the next 12 months 1.5 million metric tons of Canadian wheat and 300-400,000 tons of barley. This is in addition to the 3.5 million tons of wheat contracted for last February. This purchase comes on the heels of a \$750-million contract to buy US grain over the next three years. Unconfirmed reports state that four million tons of wheat and five million tons of corn worth \$500 million have already been bought under the US pact for delivery by mid-1973.

During the next 12 months the USSR should become a large net importer of grains for the first time since the disastrous harvests of 1963 and 1965. Imports may total 15 million tons. In the past 12 months the Soviets probably balanced their grain trade, importing about eight million tons while exporting a similar amount to Eastern Europe and other client states. Although there will be increased demands on the USSR for exports in coming months because of crop damage in Eastern Europe and new commitments to countries such as Bangladesh and Chile, these exports are expected to be much less than imports. The net imports will be used mainly to improve and increase meat production and thus better the Soviet diet. [REDACTED]

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SPAIN: The succession law decreed yesterday by Franco eases the pressure on him to designate a premier.

The new law provides that, if Franco--who is both chief of state and premier--dies or is incapacitated before naming a premier, the vice premier will automatically move up to premier and may remain in office beyond the ten-day limit prescribed in previous law. This ensures that there will be no gap in the exercise of the premiership when Franco goes. The new law also allows Prince Juan Carlos, designated in 1969 to succeed Franco as chief of state, time to make a decision about who would be the premier. The law reiterates that Juan Carlos will be sworn in as king within eight days after Franco goes. In addition, it limits the powers of the Regency Council to act for the king during the interim period.

The present vice premier is Franco's confidant, Admiral Carrero Blanco, who relieves Franco of many of the daily responsibilities of the premiership. As premier, the conservative Carrero could be expected to carry on present policies. By strengthening the vice premier's succession prospects, Franco dealt a blow to those Spaniards who were hoping for a liberalization of the regime through the appointment soon of someone other than Carrero as premier.

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INDIA: India's most extreme Communist party is on the verge of collapse after a life span of only three years.

On 16 July, Charu Mazumdar, the only top leader of the Communist Party of India Marxist/Leninist (CPML) still at large, was arrested in Calcutta. The 56-year-old revolutionary gained notoriety as an organizer of the infamous peasant revolt in the Naxalbari area of West Bengal in 1967. The Naxalite movement that emerged from the revolt was headed primarily by militants disenchanted with the Communist Party/Marxist. Mazumdar went on to become a founding father of the extremist CPML in 1969. Disavowing a constitutional approach in favor of armed revolution, the CPML was the only formally organized party in the declining terrorist Naxalite movement.

Mazumdar leaves, at most, a few hundred hardcore followers in West Bengal. Although there may be a few potential leaders among the small number of capable young Naxalites still at large, it is unclear whether anyone will emerge to replace Mazumdar and his dead or jailed colleagues. Moreover, Indian security forces have become increasingly successful in controlling the activities of this group of self-styled Maoists.

The threat of violent revolution by extreme leftists, which troubled Indian authorities a few years ago, has almost disappeared, at least for the present. Radical fringe groups remain, however, in West Bengal and Bihar, and to a lesser extent in the Punjab, Andhra Pradesh, and Kerala. Barring economic collapse or political turmoil, their efforts over the next several years will probably be limited to debates over strategy, interspersed with occasional attacks on "class enemies" and rival left-wing groups.

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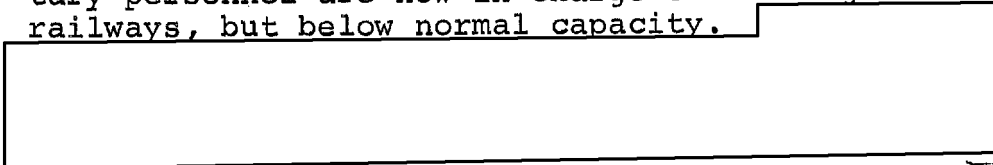
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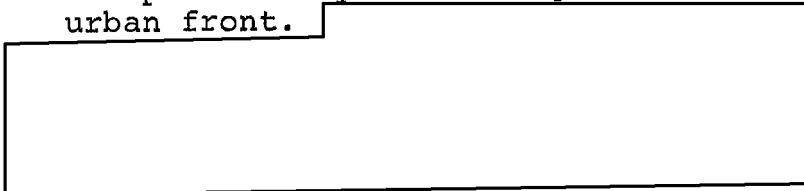
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CHILE: Port congestion is hampering the unloading of grains and aggravating Chile's food shortages. Santiago plans to import about 1.25 million tons of wheat, corn, and rice this year, almost 70 percent above the 1971 level, but port facilities are inadequate to handle such large shipments. Ships arriving with wheat have had to wait as long as 17 days before getting berthing space to unload, and the three-week-old railway strike is severely limiting distribution. Military personnel are now in charge of running the railways, but below normal capacity.



COLOMBIA: The murder of the first secretary of the Swedish Embassy in Bogota on Monday may have been a guerrilla operation. The government's campaign against National Liberation Army (ELN) insurgents has led to scores of arrests, including that of Swedish journalist Karl Staf, a Marxist with broad guerrilla contacts. The killing of the diplomat may have resulted from the failure of a kidnap attempt designed to secure a hostage to effect the release of Staf or the ELN prisoners. Ironically, Staf was reportedly scheduled for deportation on the day of the murder. Whatever the motivation of the murder, the Colombian Government will probably react strongly to head off the possibility that the guerrillas might open an urban front.



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ROMANIA: A national party conference, the second since Nicolae Ceausescu became party chief in 1965, opens today in Bucharest. Domestic and external aspects of the economy, and tailoring of the educational system to meet more closely the needs of the country, will be the central points of discussion. This three-day conference, like its predecessor in 1967, probably will call for some organizational streamlining. Although some important personnel shifts in party and state agencies are anticipated, Ceausescu is expected to remain in firm control.

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